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SUBJECT: SCENE SETTER FOR KING ABDULLAH'S VISIT TO U.S.  
(JUNE 8-16)

Classified By: Ambassador Edward W. Gnehm for Reasons 1.5 (b), (d)

11. (C) King Abdullah is very pleased to have been invited to attend the G-8 Summit to discuss reform in Jordan, as well as in the Middle East. The King sees himself as a leader in the region on reform and will attempt to speak for other reform-minded Arabs during his visit. The King, however, will be conscious of his exposure in the region given the absence of other key Arab leaders (Egyptian & Saudi). The situation in Iraq and the MEPP will feature prominently in his schedule of activities.

12. (C) G-8 REFORM PLAN: The GOJ is vocal about the need for political and economic reforms in the Arab world and advocated strongly for a positive reform statement at the recent Arab League summit. Nevertheless, Jordan has been circumspect in endorsing U.S.-generated proposals for reform in the region. In a press interview June 7, the King stated that reforms must "emerge from within," rather than be imposed from the outside, cannot ignore the Israeli-Palestinian conflict, and must take into consideration "each state's particularities." Foreign Minister Muasher and other officials, citing discussions at the Arab summit, have announced publicly that any G-8 reform plan for the region must be limited to Arab states only given the differences between Arab and other Muslim countries. The King in private may be more flexible regarding the geographical scope of the G-8 initiative.

13. (C) MEPP: The GOJ agrees that Israeli PM Sharon's Gaza withdrawal plan could represent an important opportunity in the peace process, but insists that the withdrawal be coordinated with the Palestinians, considered as part of the roadmap, and not come at the expense of Palestinian claims to the West Bank. Jordan continues its opposition to the construction of the Israeli security barrier outside the Green Line amidst fears that this could prompt a transfer of Palestinians from the West Bank to Jordan. The King remains frustrated at the Palestinians' failure to take steps against terror groups and blames Arafat for this inaction.

14. (C) IRAQ: The GOJ has been steadfast in assisting our efforts in Iraq and quickly issued a public statement supporting the formation of the Iraqi Interim Government (IIG). Although officials have told us in private that the IIG selection process was not perfect, they recognize the difficulties involved and have promised to cooperate with the new governing body. The fact that new Iraqi President al-Yawer is a Sunni sheikh of the influential Shammar tribe (which has some members in Jordan), and that Ahmad Chalabi is not an IIG member, positively affects the IIG's image in Jordan.

15. (S) MILITARY ISSUES: Jordan has been a resolute ally in the Global War Against Terror. Through its field hospital in Fallujah and its deployment of special forces in Afghanistan, for example, the GOJ has gone to considerable lengths to support U.S. actions to combat terrorist groups. There remain continual challenges with military funding, however, as Jordan lacks funds for the modernization of its armed forces necessary to address our requests for their support in the region. The King requested a \$400 million supplemental in military assistance during his last visit to the U.S., and he will likely re-engage U.S. officials with the need for an FY04 supplemental. We believe that high on his list of priorities will be the establishment of a special operations and counter-terrorism (CT) training center. Additionally, the King may speak about incremental costs of increased border security deployments, as well as unpaid bills from U.S. Forces in Jordan before and during Operation Iraqi Freedom. Finding fund sources for border integrated enhancements, i.e., sensors, cameras, fiber optics, surveillance platforms, etc. and C4ISR (intranet architecture and wireless and secure communications connectivity between radar systems and command centers), thus enabling rapid response to ground or air incursions, may also be part of the King's military supplemental request.

16. (C) ECONOMIC ISSUES: The King's significant economic reforms are beginning to bear fruit. Jordan's trade with the U.S. is booming. If current trends continue, Jordan will export \$1 billion worth of goods to the U.S. this year, solidifying our role as Jordan's major trade partner. Jordan's debt picture continues to improve, with the debt/GDP ratio down to 89.7% from a high of 111% as recently as 1999.

The GOJ is continuing a close consultative relationship with the IMF and will graduate from its IMF program next month. Unfortunately, U.S. exports to Jordan have remained static as imports have surged. The King should also be urged to ensure that Jordan's government procurement activities be transparent and offer a level playing field to U.S. companies bidding on government tenders.

17. (U) Baghdad minimize considered.

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